

# **Strategic Plan for The Department of Natural Resources 05-07 Biennium**

## **AGENCY OVERVIEW**

The Department of Natural Resources (DNR) is charged with long-term stewardship for the millions of acres of forest, agricultural and aquatic bed lands under our care. In the past three years, with the help of the legislature, community groups and the public, DNR has made important strides in defining how that stewardship can sustainably meet the needs of Washington's citizens for economic, environmental and social sustainability.

Many agencies manage public lands. The Department of Natural Resources cares for a unique mix of them – a vast and varied domain of public forests, rangelands, farmlands, natural areas, waterways, tidelands, undeveloped urban and rural lands, and commercial properties. Not only do these lands provide habitat for wildlife and places for recreation, but also many generate income to build public schools, colleges and state government buildings. As steward of these lands, DNR must protect our natural resources for the people of Washington today and for generations to come.

The state Legislature created DNR in 1957. Seven boards and agencies were brought together under the umbrella of the Commissioner of Public Lands, a statewide elected official.

For nearly 50 years DNR has worn two hats: resource protection and land management, both upland and aquatic.

### **Resource Protection: Maintaining Healthy Forests and Ecosystems**

DNR administers the state Forest Practice Board rules, which guide logging, road building, and other work in the woods on 10 million acres of forestlands – state and private. DNR works with landowners and loggers so their activities won't damage public resources like fish and wildlife, water quality, and other natural resources.

DNR geologists regulate restoration of lands after they are mined. Geologists also monitor gas, oil, and geothermal exploration to ensure aquifer protection through safe drilling practices. They generate and provide scientific information to the public and local governments about geologic hazards such as earthquakes, landslides, tsunamis, mudflows, and volcanoes.

DNR is the state's largest on-call fire department with 1400 temporary and permanent employees who prevent and fight fires on 10 million acres of private and state-owned forestlands. DNR coordinates with other fire prevention and suppression efforts provided by local and federal entities.

DNR provides scientific and technical assistance to non-industrial landowners on forest stewardship and assists local entities with community forestry.

# **Strategic Plan for The Department of Natural Resources 05-07 Biennium**

## **Resource Protection: Maintaining, Preserving and Restoring Unique Lands**

DNR is the steward of state natural areas, which are protected for their unique or rare ecosystems or dramatic scenic or geologic features. Selected for scenic or ecological values, Natural Resource Conservation Areas (NRCA) protect native habitats of endangered, threatened, and sensitive plants and animals. They offer educational and low-impact public use. Natural Area Preserves (NAP) provide the highest level of protection for unique or representative natural features in Washington, especially rare plant and animal communities. Particularly valuable to scientists and land managers, NAP's offer genetic resources of native plants and animals, a point of reference in comparing natural and managed environments, and outdoor laboratories for research. There are 77 NRCA's and NAP's statewide encompassing more than 115,000 acres.

DNR's Natural Heritage program searches for at-risk native plant species and provides public and private information about sensitive ecosystems and plants in need of protection.

DNR has also designated four aquatic reserves on state-owned aquatic lands. These reserves are set aside from leasing or disturbing critical habitat, spawning grounds to help recover and maintain the health of Puget Sound

In addition, since 1989, more than 75,000 acres of state trust lands have been transferred to various conservation/recreation ownerships with full financial compensation to the trust beneficiaries, while replacing the land with income producing property.

DNR also participates in several other state and Federal land protection programs. One of the most significant is the federally approved Habitat Conservation Plan (HCP). Under the HCP, approximately 74% of DNR trust lands in Western Washington are managed primarily for habitat for threatened and endangered fish and wildlife.

DNR has active scientific research programs providing a variety of management and public information. These programs include silviculture, forest ecology, fisheries, wildlife, natural heritage, wetland and aquatic ecology, geology and forest health.

## **Upland Land Management: Habitat and Revenue for Schools**

DNR is the steward of approximately 3 million acres of state uplands. Through careful management, trust lands provide important wildlife habitat, watershed protection, open space and recreational access opportunities, in addition to school and public services funding.

These trust lands also provide revenue from the sales of timber, leases, and other resources. In the last fiscal year, DNR generated \$260 million in non-tax revenue, including:

- \$67.9 million for statewide school construction
- \$58.2 million for counties and other local taxing districts like hospitals and fire departments

# Strategic Plan for The Department of Natural Resources 05-07 Biennium

- \$10.0 million for the University of Washington, Washington State University and four regional universities.
- \$5.3 million for state government office buildings.

At statehood, many upland trust lands were granted in a “checkerboard” of parcels because many were grants of sections 16 and 36 of each township. These granted lands were placed into seven perpetual trusts:

- Common school construction
- University Grant (UW)
- Charitable, Educational, Penal and Reformatory Institutions Grant (CEP&RI)
- Capitol Building Grant
- Normal School Grant (EWU, CWU, WWU, TESC)
- Scientific School Grant (WSU)
- Agricultural College Grant (WSU)

In the 1920’s and 1930’s the state acquired abandoned and neglected forestlands and transferred tax delinquent forestlands from the counties to create two state forestland trusts – Forest Board Purchase Trust and Forest Board Transfer Trust. The beneficiaries of these trusts are the counties, the local taxing districts, and the state general fund.

The “checkerboard” pattern of common school lands still largely exists in Eastern Washington. In other areas, through land exchanges, sales, and purchases, DNR has created forest management blocks to improve our ability to manage these lands efficiently. In order to minimize the effect of business fluctuations and to moderate risk, DNR has acquired a variety of assets that help stabilize income and increase the return to the trusts. DNR seeks diverse assets with high value and revenue potential when acquiring trust lands to maintain options for future generations. Acquisition preferences include land suitable for irrigated agriculture, commercial buildings, and highly productive forestlands.

DNR manages an active recreation access program across its upland and aquatic ownerships. Unlike a parks department, the upland access is for dispersed use of the many miles of forest roads, parks, trails, and acres of trust lands. Supporting facilities include 143 specific trailhead and camping sites that connect to more than 1100 miles of trail dispersed across state-owned lands. These areas provide over 9 million visitor-days per year with a wide variety of recreation opportunities from hiking to kayaking, hunting to bird watching, and horseback to all-terrain vehicle riding.

## **Aquatic Land Management: Habitat, Access and Revenue**

State-owned aquatic lands account for approximately 2.5 million acres of the DNR-managed land base. These aquatic lands are the bedlands and the tidelands of Puget Sound, and the coast and shore lands of navigable rivers and lakes. By law, these rich submerged resources are to

# **Strategic Plan for The Department of Natural Resources 05-07 Biennium**

benefit the public forever. As steward of these lands, DNR protects them, fosters water-dependent uses, promotes public access, and promotes the harvest of shellfish and other renewable resources.

DNR leases public aquatic lands to marinas, restaurants, utility companies and others, sells rights to harvest geoduck clams, and issues leases to shellfish growers. In the FY 2003, aquatic lands generated \$18.3 million in revenue. This income is used to manage and protect the land and resources, to fund grants to communities for public waterfront access, and for the purchase and restoration of salmon habitat.

# **Strategic Plan for The Department of Natural Resources 05-07 Biennium**

## **STRATEGIC PLANNING**

Early in 2001, DNR's Executive Management developed the agency's Mission and Principles. These were broadly communicated and discussed within the agency. These discussions lead to a common understanding of those statements and how they should guide our day-to-day business.

Executive Management also provided additional guidance through Strategic Goals and Directions.

The DNR Mission, Principles, and Strategic Goals and Directions are the foundation for this strategic plan.

Clear and measurable Management Deliverables were established to support the budget process. Subsequently our Regions and Divisions prepared Performance Measures for each of their operations. Progress on Performance Measures is measured with each Quarterly Budget Variance Report.

Performance Measures have been linked to each activity identified in the Activity Inventory. Each Activity is further tied to one of the eleven Priorities of Government. This Strategic Plan shows those linkages.

### **Priorities of Government**

The DNR has identified 28 activities-levels. These activities have been classified primarily into three of the Priorities of Government key result teams.

- Natural Resources: this key result includes the majority of the DNR activities.
- Cultural and Recreational Opportunities: Although only one of DNR's activities is represented in this group, the Recreation Access Program, it represents a significant point of public contact that is intimately connected with other trust land management activities. Washington citizens enjoy the multiple use benefits of state lands by accessing DNR-managed lands and roads, supported by remote, primitive campsites and trails.
- Public Safety: Three of DNR's activities are included in this key result –Fire Prevention and Control, Geologic Hazards, Geologic Mapping and Law Enforcement and Environmental Risk Management. The Law Enforcement is integral to our fire suppression, recreation, and trust land management activities, and to public safety on DNR managed lands.

# Strategic Plan for The Department of Natural Resources 05-07 Biennium

Although DNR activities are not included in all POG key results areas, the agency has a significant impact on several other areas:

- Student Achievement: Revenues from trust lands provide nearly 30% of the funding for common school construction. Quality education is directly linked to quality facilities.
- Higher Education: Revenue from trust lands provide funding for capital construction on all six of the state's universities and colleges.
- Economic Vitality: Natural resource industries provide a significant number of jobs statewide. They are the economic foundation of many rural communities. DNR's agricultural leases and timber harvest provide jobs directly while the Forest Practices regulatory program allows private forestry companies to take advantage of their natural resource inventories in a responsible way. DNR's tideland and bedland leases are the backbone of a robust maritime industry in this Pacific Rim state.
- Government Support: Like all other state agencies, DNR contributes towards the general support of state government.

# **Strategic Plan for The Department of Natural Resources 05-07 Biennium**

## **DNR STRATEGIC PRIORITIES – 2005-07 BIENNIUM**

Make strategic investments aimed at key improvements in agency performance, in the following areas:

- Enhancing DNR workforce's skills, knowledge and effectiveness
- Administrative efficiency, including information technology and performance management;
- Protection of natural systems, including Natural Area Preserves, Natural Resource Conservation Areas, Aquatic Reserves, and special management areas from our Habitat Conservation Plan;
- The value and financial performance of our trust land asset base as a whole, including through asset diversification;
- Short and long term financial and biological productivity of the forest, agriculture, range, and aquatic resources on DNR-managed lands;
- Access to state trust lands;
- Provision of public benefits from all DNR-managed lands.

Ensure the continuity and sustainability of state trust land management, balancing trust revenue, and land and resource value with ecological and environmental integrity, for the benefit of trust beneficiaries and all the people of Washington.

Promote environmental stewardship to enhance, restore, and protect environmental values, while enhancing commercial uses and recreational water access on state-owned aquatic lands.

Protect and restore natural resources throughout Washington, which contribute to the economic vitality of the State, insuring healthy productive lands and natural resources and the landowners, industries and activities they support.

Protect life and property from adverse effects of wildland fires and other natural hazards.

# Strategic Plan for The Department of Natural Resources 05-07 Biennium

## **Mission:**

Administered by the Commissioner of Public Lands, the Department of Natural Resources works:

- To provide professional, forward-looking stewardship of our state lands, natural resources, and environment.
- To provide leadership in creating a sustainable future for the Trusts and all citizens.

In achieving our mission, the following principles guide all DNR employees:

### **• Enduring Stewardship**

This agency exists to provide enduring stewardship of our State's natural resources. Combining the best of both public service and a business-like approach enables us to carry out our duties with competence, consistency, and fairness. In exercising these qualities we best serve the environment, trust beneficiaries, our customers, and all citizens, now and in the future.

### **• Visionary Leadership**

To create a sustainable future, we in DNR must exercise vision and leadership. Each of us must strive to make a difference in the world. If we are willing to realize our full potential, our work will stand the test of time and be personally rewarding.

### **• Inclusive Decision-making**

Decision-making throughout DNR will be timely, open, well informed, and adaptive. The common sense and consistency of our decisions and priorities must always be apparent.

### **• Creative Solutions**

Clear, workable solutions to our natural resource issues emerge from the exercise of sound judgment, knowledge of our legal direction, and a bias for action, innovation, and informed risk taking.

### **• Respectful Relationships**

Relationships matter, both inside and outside the agency. All voices are heard when we see all interested parties as partners, engaging and listening to them.

All of us make DNR what it is. We will support one another with respect and trust. We rely on everyone's best efforts and expertise. We can all feel proud to work at the Department of Natural Resources.



# Strategic Plan for The Department of Natural Resources 05-07 Biennium

## Statutory Authority

Most of the lands the DNR manages were granted to the state through the Enabling Act, as accepted by the State Constitution as endowments to be managed in trust to support designated beneficiaries. The majority of the Department's authority comes from the following statutes:

Commissioner of Public Lands:	Chapter 43.12 RCW
Department of Natural Resources:	Chapter 43.30 RCW
Forest and Forest Products:	Title 76 RCW
Forest Protection -	Chapter 76.04 RCW
Forest Health -	Chapter 76.06 RCW
Forest Practices -	Chapter 76.09 RCW
Surface Mining -	Chapter 76.10 RCW
Mines, Minerals & Petroleum:	Title 78 RCW
Public Lands:	Title 79 RCW
State Land Sales	Chapter 79.11 RCW
Land Leases	Chapter 79.13 RCW
Sale of Valuable Materials	Chapter 79.15 RCW
State Forest Lands (Forest Board Lands)	Chapter 79.22 RCW
Capitol Building Lands	Chapter 79.24 RCW
Natural Area Preserves	Chapter 79.70 RCW
Natural Resource Conservation Areas	Chapter 79.71 RCW
Aquatic Lands	Chapter 79.90 RCW

Public Trust Doctrine: judicial law dating to the ancient Roman Code of Justinian.  
Numerous other authorities relate to specific programs.

## Strategic Goals & Direction

- The public we serve widely and consistently holds DNR in high esteem.
- Trust assets are continually enhanced and managed to generate substantial financial support for current and future trust beneficiaries.
- UPLAND RESOURCES provide substantial levels of trust revenue, conservation, and public benefits consistent with our fiduciary duty and legal commitments.
- AQUATIC RESOURCES are managed to optimize the full range of public benefits.
- Losses to life from fire are prevented and property loss is minimized.
- Forest systems enjoy equal or greater health and productivity.
- DNR is faithfully implementing its responsibilities as a regulator.
- DNR's workforce is skilled, knowledgeable, motivated, and effective.

# Strategic Plan for The Department of Natural Resources 05-07 Biennium

## Strategies to achieve Agency Goals and Supported Statewide Results

**GOAL: The public we serve widely and consistently holds DNR in high esteem.**

### **Statewide Results supported:**

8. Improve the safety of people and property.
9. Improve the quality of Washington's natural resources.
10. Improve cultural and recreational opportunities throughout the state.
11. Improve the ability of state government to achieve its results efficiently and effectively.

### **STRATEGIES:**

- Develop and maintain external relationships that are respectful, healthy, productive, and responsive.
- Listen, learn, change, and grow when presented with new ideas that help achieve the success of the agency.
- Develop and maintain active and helpful relationships with the media.
- Work to meet community expectations for public services and business opportunities from the lands we manage.
- Uphold the law, agency mandates, and commitments in a manner that considers current and future generations.
- Protect public safety.
- Be fiscally responsible.
- Provide accurate, useful, and timely information and assistance.
- Maintain high standards of integrity and consistent performance in conducting the public's business.

**GOAL: Trust assets are continually enhanced and managed to generate substantial financial support for current and future trust beneficiaries.**

### **Statewide Results supported:**

1. Improve student achievement in elementary, middle, and high schools.
3. Improve the value of a state college or university education.
6. Improve the economic vitality of businesses and individuals.
9. Improve the quality of Washington's natural resources.
11. Improve the ability of state government to achieve its results efficiently and effectively.

### **STRATEGIES:**

- Manage trust assets in the interest of each trust beneficiary for both the short and long term.
- Pursue cost-effective transactions and investments having a high potential to generate increased revenue or reduce management costs.
- Ensure our natural resource decisions are scientifically sound and incorporate state of the art management principles.
- Manage risk to limit agency liability.

# Strategic Plan for The Department of Natural Resources 05-07 Biennium

**GOAL: UPLAND RESOURCES provide substantial levels of trust revenue, conservation, and public benefits consistent with our fiduciary duty and legal commitments.**

**Statewide Results supported:**

1. Improve student achievement in elementary, middle, and high schools.
3. Improve the value of a state college or university education.
6. Improve the economic vitality of businesses and individuals.
9. Improve the quality of Washington's natural resources.
10. Improve cultural and recreational opportunities throughout the state.
11. Improve the ability of state government to achieve its results efficiently and effectively.

**STRATEGIES:**

- Stay in the business of land and natural resource management.
- Generate trust revenue in the most effective and efficient manner possible.
- Creatively market trusts resources and services to improve revenue production.
- Maintain a road network that meets critical access needs while restoring and protecting public resources.
- Provide protection for ecologically sensitive lands and functions.
- Manage socially sensitive lands in a manner that is respectful of the public's interests, consistent with trust principles.
- Employ creative ways to meet fiduciary duties and changing societal needs.
- Be a model for natural resource stewardship and sustainable resource management.
- Work with others to define and implement responsible, appropriate uses of public lands, to control damage and liability, and to provide beneficial public access.
- Work to restore and maintain natural resources health.

**GOAL: AQUATIC RESOURCES are managed to optimize the full range of public benefits.**

**Statewide Results supported:**

6. Improve the economic vitality of businesses and individuals.
8. Improve the safety of people and property.
9. Improve the quality of Washington's natural resources.
10. Improve cultural and recreational opportunities throughout the state.
11. Improve the ability of state government to achieve its results efficiently and effectively.

**STRATEGIES:**

- Establish and maintain an inventory, by category, of aquatic resource assets.
- Maintain the diversity of asset types.
- Work with communities and governmental entities to improve the ecological health of aquatic resources.
- Work with communities to enhance commerce, navigation, and economic development.
- Be responsive to DNR's customers and seek opportunities to diversify the income-producing potential of the aquatic resources portfolio.
- Manage risk to meet the multiple objectives of state-owned aquatic lands.

# Strategic Plan for The Department of Natural Resources 05-07 Biennium

- Respond to all requests for use authorizations (leases, rights-of-way, Port Management Agreements, etc.) in a timely, consistent, and fair manner.
- Ensure that all expired and holdover authorizations are resolved in a timely manner.
- Vigorously assert the state's long-term interests in the cleanup of contaminated aquatic areas.
- Work collaboratively with public and private parties to ensure "bay-wide" cleanups, creating opportunities for redevelopment and environmental protection.
- Promote uses that are environmentally sound and will not contaminate or cause recontamination.
- Vigilantly assert public trust doctrine principles, state ownership, and state interests.

## **GOAL: Losses to life from fire are prevented and property loss is minimized.**

### **Statewide Results supported:**

8. Improve the safety of people and property.
9. Improve the quality of Washington's natural resources.
11. Improve the ability of state government to achieve its results efficiently and effectively.

### **STRATEGIES:**

- Maintain a high level of readiness to fight major fires.
- Maintain a balance of prevention, detection, initial attack, sustained attack, and large incident management capacity.
- Lead the state in wildland fire prevention and protection.
- Increase protection to homes and communities at risk in the urban/rural interface.

## **GOAL: Forest systems enjoy equal or greater health and productivity.**

### **Statewide Results supported:**

9. Improve the quality of Washington's natural resources.
11. Improve the ability of state government to achieve its results efficiently and effectively.

### **STRATEGIES:**

- Promote the establishment, maintenance, or restoration of forest stands so they can resist serious damage from fire, insects, and diseases.
- Establish, restore, and maintain healthy urban forests.
- Maintain a vigilant insect and disease monitoring system.

## **GOAL: DNR is faithfully implementing its responsibilities as a regulator.**

### **Statewide Results supported:**

8. Improve the safety of people and property.
9. Improve the quality of Washington's natural resources.
11. Improve the ability of state government to achieve its results efficiently and effectively.

### **STRATEGIES:**

- First pursue regulatory obligations through education and partnerships, but use full authority when necessary to achieve compliance.

# Strategic Plan for The Department of Natural Resources 05-07 Biennium

- Be fair, impartial, and consistent.
- Make enforcement actions timely and appropriate to the circumstances.
- Effectively pursue partnerships with small forest landowners, and provide leadership in dealing with their unique issues.
- Make timely responses to permit applications.

**GOAL: DNR's workforce is skilled, knowledgeable, motivated, and effective.**

**Statewide Results supported:**

9. Improve the quality of Washington's natural resources.
11. Improve the ability of state government to achieve its results efficiently and effectively.

**STRATEGIES:**

- Transfer institutional knowledge to the DNR workforce of the future.
- Develop employee leadership skills to anticipate emerging management challenges.
- Communicate actively with employees and involve them in decisions.
- Maintain high professional standards in all programs.
- Provide essential support services to all programs in the most efficient and effective ways possible.
- Use information technology to maximize investments, continue progress toward digital government, and support integrated business solutions.
- Employ efficient and effective budget, financial, and administrative systems.
- Protect employee safety.
- Promote a work atmosphere of fun and mutual respect.
- Attract a well-educated, technologically advanced workforce.
- Enhance the diversity of our workforce.
- Successfully utilize unique perspectives, backgrounds, and contributions from all employees.

## APPRAISAL OF EXTERNAL ENVIRONMENT

Lives, lifestyles and livelihoods in Washington depend on natural resources. Managing and protecting resources for the long-term benefit of Washington's citizens requires balancing the demands on the resources with their capacity to fulfill those demands. However, many of the demands are not complementary, and stem from conflicting values. An era of continued rapid population growth, accelerating advances in scientific understanding, and severe constraints on the public budget, DNR, like most agencies, is facing challenges to accomplishing its mission.

Washington's population continues to grow at a rapid pace, adding over 67,000 people a year, roughly like adding another Bellingham. As more private land is developed or closed to public

# **Strategic Plan for The Department of Natural Resources 05-07 Biennium**

use, the public lands that DNR manages are placed under greater stress – whether to provide commodities, recreation, habitat, views, or watershed protection.

DNR employees are under stress as well. DNR's forest practices foresters and firefighters are not always recognized as public resource protectors, and have been greeted with no trespassing signs and loaded guns. The need to respond to emergencies such as wildfires takes staff away from their land management and other resource protection duties. (Nearly half of DNR's permanent employees are involved in firefighting efforts each year.)

Of concern is that timber sale prices will continue to be depressed, in spite of home construction being at historically high levels due to low interest rates. Factors contributing to the outlook for timber sales prices include 1) overcapacity in the western North American softwood sawmilling industry, 2) high levels of softwood log imports from Canada, 3) increasing softwood lumber imports from other countries, 4) increasing competition in export markets, 5) increasing substitution of non-wood products for solid wood products, and 6) a negative price premium for the large-diameter logs that typically make up a large proportion of DNR timber sales.

These elements and the challenges they represent are added to limitations and challenges offered by the resources themselves. Although new scientific knowledge and new technology are helping, the intricacies of the natural resources that DNR manages and protects are not fully known or understood. While anticipated, events such as wildfires, earthquakes, and floods cannot be precisely predicted.

## **TRENDS IN CUSTOMER CHARACTERISTICS**

The Department of Natural Resources serves a diverse base of customers with widely divergent needs, preferences, and expectations. The more than 5 million acres of state-owned lands administered by the Department serve multiple purposes.

Nearly 3 million acres are state trust lands, most of them granted by Congress at statehood in 1889. As trust land manager, DNR is charged with generating revenue in perpetuity for specific beneficiaries. State trust lands support construction of public schools, universities, colleges, state prisons and institutions, and building improvements at the state Capitol including the over \$100 million renovation of the State Legislative Building. The over \$5 billion generated by state trust lands since 1970 have improved the lives of all citizens of Washington state by building public buildings and reducing the need for taxes.

DNR foresters, scientists, agriculturalists, conservationists, asset managers, and cartographers enhance the permanent endowment of state-owned lands. A constant tension is the common law requirement to make trust property productive without unduly favoring present beneficiaries over

# **Strategic Plan for The Department of Natural Resources 05-07 Biennium**

future beneficiaries. These lands also impact a wide range of people by bringing jobs to many communities and recreational opportunities to millions.

DNR resource protection specialists work with landowners, local governments, and others to protect streams, forests, beaches, salmon, and wildlife on private as well as public lands across

the state. The Department on nearly 12 million acres enforces Washington's Forest Practices Act. At the same time the Department provides technical assistance and expert information on implementation of "Forest & Fish" legislation. Impact of these laws have led to expanded services for small landowners.

Probably the best-known activity of the Department is in its role as the state's forest firefighting agency. The year around services of wildfire prevention and suppression protect lives, protect natural resources, and minimize resource losses and fire suppression costs. Changing approaches to forest management and increasing population in forest areas present a significant challenge and the need for closer relationships with those directly impacted by wildfire.

Approximately 2.5 million acres of aquatic lands administered by DNR have their own set of customers, from Port Authorities to individual boaters to those impacted and concerned with contamination. DNR leases aquatic lands to private business and agencies for uses such as boat moorages, shellfish cultivation, restaurants and office buildings. Revenues are used to improve public access and enhance environmental protection.

## **STRATEGY AND CAPACITY ASSESSMENT**

The population and expectations of Washington State continue to grow. The land base administered by the Department remains relatively constant. Recognizing the depressed state economy and timber sale revenues, DNR has worked hard to ensure that our operations are efficient while attempting to live within our means.

Department operations have been streamlined, cutting more than 160 positions and improving the productivity of our timber sales staff by more than 25 percent. Most of the cuts have been made in the Olympia and Regional Headquarters staff. Efficiencies in the field have come from streamlining operations and merging seven land management Regions into six.

# **Strategic Plan for The Department of Natural Resources 05-07 Biennium**

## **PERFORMANCE ASSESSMENT**

The Department is tracking 30 performance measures at the agency level for the 2003 - 2005 biennium. The targeted output of the each measured performance supports one or more department activities and one or more strategic goals.

Most performance measures are measured on a quarterly basis. Some are measured on a fiscal or calendar year basis. Some do not begin reporting until the 3<sup>rd</sup> Quarter of FY2004 because of the effort required to implement a measurement system.

As of the 2<sup>nd</sup> quarter of FY2004, 16 performance measures are on or are exceeding target. Two cases where performance targets are not being met are listed below, along with action planned to close the gap.

1. Achieve 100% of timber sales volume target each quarter, or 563 mmbf/year.  
Variance: - 4%  
Action to be taken: Marketing strategies will increase future sales.
2. Achieve \$153 million/year increase in timber removal revenues through seasonal marketing.  
Variance: - 15%  
Action to be taken: Higher value sales in future quarters will achieve target.

## **FINANCIAL HEALTH ASSESSMENT**

The Department of Natural Resources is funded with 16 appropriated funds and six non-appropriated funds. All but five of these (General Fund-State, Disaster, ORV, Water Quality and Air Pollution Control) are funded by revenues earned by the Department. Revenue-dependent funding makes up 78% of the Department's operating budget. Accordingly, the Department's financial health is heavily influenced by revenues and market trends.

A primary source of revenue is generated by timber sales on public trust lands. Timber revenues have been in decline over the past several years, primarily due to lower market-driven prices. We are projecting a modest increase in timber revenues in 05-07. Other revenue sources are projected to stay fairly consistent with 03-05 revenues.



# **Strategic Plan for The Department of Natural Resources 05-07 Biennium**

The General Fund-State pressures faced by the State of Washington has had a significant impact on the Department. The reductions imposed in the FY 02 and 03-05 budgets all resulted in the reduction or elimination of program activities and services. In addition, the cost of the war in Iraq and federal deficits are likely to reduce federal funding to some critical department programs.

On the expenditure side, inflationary pressures continue. In a period of flat or declining revenues, unavoidable cost increases due to employee health insurance and charges by other state agencies must be offset by reductions in programs.

## **DESCRIPTION OF COST REDUCTION STRATEGIES**

DNR has taken many steps to reduce costs while maintaining performance commitments. Since 2001, DNR's timber sales program has reduced costs by 41% while increasing revenues by \$15 million through an active timber marketing effort. DNR's commercial and agricultural leasing program has increased revenue by 19% while cutting costs by 13%. DNR merged two of its seven regional offices, which will save up to \$1 million each year beginning in FY 2005. The Department also co-located one of its regional offices with a US Forest Service office. DNR began experimenting with "hubbing" staff from some programs between regions. DNR made many categories of geographic and other data available on its website, saving both DNR employees and members of the public hundreds of hours previously spent processing paper and

phone requests. The Department cut costs by joining with Department of Transportation to provide internet access to aerial photos and maps. DNR also improved its internal coordination of IT support, reducing staff providing direct IT support from 10 FTEs to 4 FTEs. Use of electronic funds transfer has also saved thousands of dollars.

In DNR's regulatory programs, cost savings resulted from completing the Forest Practices Application Review System, which provides for much greater speed and efficiency in permit processing and in communicating with stakeholders and the public. DNR's fire-fighting efforts led to substantial cost avoidance by reducing catastrophic forest fires by 40% during years of unusual drought. The fire program kept 96% of wildfire starts under 10 acres. In addition, DNR provided an increased recovery of wildland fire suppression costs from responsible parties. For example, the Department recovered over \$700,000 for the Olympic Complex fire.

DNR's aquatic resources program also registered cost savings. By negotiating advantageous settlements of the State's liability at hazardous waste cleanup sites in contaminated urban bays, DNR avoided much higher potential cleanup costs.

# **Strategic Plan for The Department of Natural Resources 05-07 Biennium**

Finally, DNR has responded to both legislative budget cuts and shortfalls in proprietary management accounts and general fund reductions by undertaking significant reductions-in-force in recent years. This has resulted in over 60 actual RIFs so far in FY 03-05, on top of additional RIFs in the previous biennium. This loss of staffing in most cases has resulted in loss of agency performance in key areas.

DNR has been aggressive in its cost-cutting efforts and has made significant productivity and efficiency gains. However, there are limited further opportunities for continued savings while maintaining performance commitments. DNR is committed to seeking greater efficiencies in the future.

# Strategic Plan for The Department of Natural Resources 05-07 Biennium

## Department of Natural Resources

**03-05 Activity Inventory – Revised March 17, 2004 (includes FY 04 supplemental)**

<b>Activity</b>	<b>Dollars</b>	<b>FTEs</b>	<b>Performance Measure(s)</b>
Agency Administration	23,296,177	91.7	97% of cash applications completed within 4 days. 98% of receivables not classified as bad debt. 95% of bills are assessed no late fee or interest. By January 2005, achieve a rating in the top quartile for an employee engagement and productivity survey. Achieve 99% overall IT system availability each quarter.
Correctional Camps	11,762,562	81.5	Contain 95% of forest fires on DNR-protected land at less than 10 acres.
Fire Control – Preparedness and Training	23,429,361	185.8	Contain 95% of forest fires on DNR-protected land at less than 10 acres.
Fire Regulation and Prevention	10,740,759	60.2	Reduce human wildfire starts by 5% each year in each region, through Risk Assessment and Mitigation Plans. Complete 12 Community Fire Plans.
Fire Suppression	44,271,873	1.1	Contain 95% of forest fires on DNR-protected land at less than 10 acres.
Resource Protection (Forest Health, Forest Stewardship, Urban and Community Forestry)	3,524,426	18.4	Provide technical assistance in insect/disease management to 600 customers each year.
Forest Practices Act and Rules	23,042,950	138.5	Achieve 100% compliance with statutory time limits for acting on Class III and IV permit applications. After Forest Practices Compliance Monitoring Plan is completed (end of FY 2004), achieve 100% compliance with FP Rules requirements on completed forest practices. Ensure that 100% of all large forest landowners are meeting their road maintenance and abandonment planning (RMAP) requirements.
Forest Practices – Manage Adaptively	1,246,303	8.3	
Small Forest Landowner Office	1,174,342	9.0	
Federal Assurances	1,043,012	3.5	
Geology (Geologic Hazards, Geologic Mapping)	2,771,088	18.6	Complete 122 geologic and geologic hazard maps.
Surface Mining (Surface Mining, Oil and Gas Regulation)	2,153,565	10.8	Respond to all new surface mine permit applications within 60 days. By the end of FY 2005, transition to remote sensing for surface mine permit compliance for 50% of permits. By the end of FY 2005, achieve 60% compliance

# Strategic Plan for The Department of Natural Resources 05-07 Biennium

Activity	Dollars	FTEs	Performance Measure(s)
			with approved reclamation plans on surface mine permits.
Natural Areas	2,743,531	15.9	Support with volunteers: 30% of natural areas and recreation sites and 44% of trail miles (24% in FY 05). Achieve 18,400 volunteer hours during the biennium. Restore and control weeds on 34 NAP's and NRCA's.
Natural Heritage	1,864,032	12.6	
Recreation	4,045,352	28.2	Support with volunteers: 30% of natural areas and recreation sites and 44% of trail miles (24% in FY 05). Achieve 18,400 volunteer hours during the biennium.
Washington Conservation Corps	455,408	5.2	
Law Enforcement and Environmental Risk Mgt	1,878,534	11.3	
State Lands Management – Product Sales	42,847,665	244.6	Achieve 100% of timber sales volume target each quarter, or 562 mmbf/yr. Achieve \$153 million/year in timber removal revenues, through seasonal marketing.
State Lands Management – Leasing (Agriculture, Leasing & Rights of Way)	10,300,812	52.6	Convert 5% of renewing dry land leases to direct seed techniques. Increase income from all upland leases by 5% each year.
State Lands Management – Silviculture (Silviculture, Nursery)	24,716,940	86.2	Achieve 100% free-to-grow status of reforested harvest areas audited annually.
State Lands Management – Science and Data Stewardship	16,076,114	75.7	Achieve 100% completion rate of proper silvicultural prescriptions, in Planning & Tracking, for Forest Management unit sampled quarterly.
State Lands Management – Mapping and Survey (Resource Mapping, Land Survey)	9,759,601	57.5	
State Lands Management – Roads	21,165,269	97.2	Extend RMAP completion on 12,000 miles of road to 80%.
State Lands Management – Asset Planning &	3,259,854	20.0	Improve Present Net Value (PNV) through transactions by 2.5%. Increase revenue through transactions by \$1 million.

# Strategic Plan for The Department of Natural Resources 05-07 Biennium

Activity	Dollars	FTEs	Performance Measure(s)
Transactions			
Aquatic Lands Business Management (Business Management, Ports, Ownership & Transactions, Policy and Program Development)	17,075,630	76.0	Process 25% of the total use authorization workload, including the backlog of applications, expirations, and holdovers, and new applications and expirations (312 use authorizations). Complete aquatic HCP DEIS by the end of FY 2005.
Aquatic Lands Shellfish Program	2,731,998	14.2	Sell 90% of the state's allowable share of geoducks quarterly.
Aquatic Lands Environmental Management (Contaminated Sediments, Derelict Vessel, Dredge, Spartina)	5,265,598	12.5	Raise \$200,000 in matching funds for budgeted restoration projects (a 100% match).
Puget Sound Ambient Monitoring Program (PSAMP) and Stewardship Science	1,799,244	8.3	
<b>Total</b>	<b>314,442,000</b>	<b>1,445.2</b>	

## Department of Natural Resources - 05-07 Strategic Plan

		DNR Goals							
Priorities of Government		The public we serve widely and consistently holds DNR in high esteem	Trust assets are continually enhanced and managed to generate substantial financial support for current and future trust beneficiaries	Upland resources provide substantial levels of trust revenue, conservation, and public benefits consistent with our fiduciary duty and legal commitments	Aquatic resources are managed to optimize the full range of public benefits	Losses to life from fire are prevented and property loss is minimized	Forest systems enjoy equal or greater health and productivity	DNR is faithfully implementing its responsibilities as a regulator	DNR's workforce is skilled, knowledgeable, motivated and effective
1	improve student achievement								
2	improve workforce								
3	improve value of college education								
4	improve health of citizens								
5	improve security of children/adults								
6	improve economic vitality								
7	improve statewide mobility								
8	improve safety of people & property								
9	improve quality of natural resources								
10	improve cultural & recreational opp								
11	efficient and effective government								

**Priorities of Government**

Activity								
Agency Administration	X							X
Aquatic Lands Business Mgt	X			X				
Aquatic Lands Environmental Mgt				X				
Correctional Camps		X	X		X			
Fire Control					X			X
Fire Regulation and Prevention					X	X		
Fire Suppression					X			
Resource Protection	X		X			X	X	
Federal Assurances	X			X				
Forest Practices - Manage Adaptively							X	
Forest Practices Act & Rules							X	
Geology	X							
Law Enforcement & Enviro Risk Mgt	X	X					X	X
Natural Areas	X		X					
Natural Heritage	X		X					
Recreation	X		X					
Shellfish Program				X				
Small Forest Landowner Office	X						X	
State Lands Mgt - Product Sales			X					
State Lands Mgt - Leasing	X		X					
State Lands Mgt - Data Stewardship and Science	X	X	X					
State Lands Mgt - Silviculture		X	X					
State Lands Mgt - Asset Planning and Transactions		X						
State Lands Mgt - Mapping and Survey	X		X					X
State Lands Mgt - Roads			X					X
Stewardship Science and Puget Sound Ambient Monitoring Program (PSAMP)	X			X				
Surface Mining	X						X	
Washington Conservation Corps	X		X					

[illegible]